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UNCLAS ZAGREB 000288

SIPDIS

SENSITIVE

STATE FOR EB/IPC AND EUR/SCE

USTR FOR MARK WU AND LISA ERRION

USDOC FOR 4232/ITA/MAC/EUR/MROGERS

USDOC FOR 3133/USFCS/EUR

E.O. 12958: N/A

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SUBJECT: RECOMMENDATIONS FOR 301 REVIEW: INTELLECTUAL PROPERTY MOU ON PARLIAMENTARY AGENDA

REF: STATE 29551

SENSITIVE BUT UNCLASSIFIED -- PLEASE PROTECT ACCORDINGLY.

¶1. (SBU) WE DO NOT CONCUR WITH THE PHRMA REQUEST TO MOVE CROATIA TO THE PRIORITY WATCH LIST SINCE THE NEW GOVERNMENT'S RECENT ACTIONS TO SECURE RATIFICATION OF THE 1998 INTELLECTUAL PROPERTY RIGHTS MOU DEMONSTRATE A SERIOUS NEW COMMITMENT TO ADDRESS THE ISSUES HIGHLIGHTED BY PHRMA.

¶2. (U) ON FEBRUARY 3, THE CROATIAN GOVERNMENT CABINET APPROVED THE 1998 INTELLECTUAL PROPERTY RIGHTS MOU, AND IT IS NOW ON THE CROATIAN PARLIAMENTARY AGENDA FOR THE SESSION STARTING FEBRUARY 25. THE MOU WILL BE CONSIDERED IN THE PARLIAMENT UNDER AN EXPEDITED PROCEDURE, SO WILL NEED ONLY ONE READING AND A STRAIGHT UP OR DOWN VOTE.

¶3. (SBU) WE ARE VERY ENCOURAGED THAT THE SANADER GOVERNMENT HAS FULFILLED ONE OF ITS EARLIEST PROMISES TO THE USG AND FOREIGN MINISTER ZUZUL'S JANUARY 21 COMMITMENT TO THE SECRETARY (RESTATEMENT IN A LETTER DATED FEBRUARY 13 TO THE SECRETARY FROM ZUZUL). WE ARE CAUTIOUSLY OPTIMISTIC THAT THE MOU WILL EASILY GAIN PARLIAMENTARY APPROVAL, BUT THE CROATIAN PHARMACEUTICAL LOBBY IS STILL CAPABLE OF CAUSING PROBLEMS.

¶4. (SBU) NONETHELESS, WE RECOMMEND KEEPING CROATIA ON THE WATCH LIST IN ORDER TO MAINTAIN PRESSURE TO RATIFY THE MOU, TO IMPLEMENT IT QUICKLY AND TO ADDRESS THE OTHER ISSUES THAT DAMAGE OUR INDUSTRY IN THIS MARKET, SUCH AS OVERLY LONG REGISTRATION PERIODS AND WEAK PATENT ENFORCEMENT.

FRANK

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